

Audited Basic Financial Statements

Orion Township Public Library

*Year Ended December 31, 2004*  
*With Report of Independent Auditors*

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Orion Township Public Library</b>	County <b>Oakland</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>4/5/05</b>	Date Accountant Report Submitted to State: <b>5/3/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Andrews Hooper &amp; Pavlik, PLC</b>			
Street Address <b>3201 University Drive</b>	City <b>Auburn Hills</b>	State <b>MI</b>	ZIP <b>48326</b>
Accountant Signature <i>Roger Stutchcock CPA</i>		Date <b>5/3/05</b>	

Orion Township Public Library  
Audited Basic Financial Statements  
Year Ended December 31, 2004

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**ANDREWS HOOPER & PAVLIK P.L.C.**  
Certified Public Accountants

**Report of Independent Auditors**

The Board of Trustees  
Orion Township Public Library  
Lake Orion, Michigan 48362

We have audited the basic financial statements of the Orion Township Public Library (The Library) as of December 31, 2004, and for the year ended as listed in the table of contents. These basic financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Orion Township Public Library as of December 31, 2004, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Orion Township Public Library. The information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 1, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, for the year ended December 31, 2004.

The Library has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Andrews Hooper & Pavlik P.L.C.*

Auburn Hills, Michigan  
April 5, 2005

Orion Township Public Library

Governmental Fund Balance Sheet / Statement of Net Assets

December 31, 2004

	General Fund Modified Accrual Basis	Adjustments	Statement of Net Assets
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,074,841	\$ -	\$ 1,074,841
Accounts receivable	9,019	-	9,019
Prepaid expenses and deposits	89,525	-	89,525
Investments	1,660,569	-	1,660,569
Capital assets, net of accumulated depreciation of \$3,195,351	-	2,258,651	2,258,651
<b>Total assets</b>	<b>\$ 2,833,954</b>	<b>2,258,651</b>	<b>5,092,605</b>
<b>Liabilities:</b>			
Trade accounts payable	\$ 67,257	-	67,257
Accrued wages	57,334	-	57,334
Pension contributions payable	1,184	-	1,184
Other accrued expenses	1,048	-	1,048
<b>Total liabilities</b>	<b>126,823</b>	<b>-</b>	<b>126,823</b>
<b>Fund Balances and Net Assets:</b>			
Fund Balance - unrestricted and undesignated	818,237	(818,237)	-
Fund Balance - designated for post retirement medical benefits	288,894	(288,894)	-
Fund Balance - designated for future building needs	1,600,000	(1,600,000)	-
<b>Total fund balances</b>	<b>2,707,131</b>	<b>(2,707,131)</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,833,954</b>		
<b>Net Assets:</b>			
Invested in capital assets, net of related debt		2,258,651	2,258,651
Unrestricted		2,707,131	2,707,131
<b>Total net assets</b>		<b>\$ 4,965,782</b>	<b>\$ 4,965,782</b>

See accompanying notes to the basic financial statements.

Orion Township Public Library

Statement of General Fund Revenues, Expenditures and  
Changes in Fund Balance / Statement of Activities

Year ended December 31, 2004

	General Fund Modified Accrual Basis General	Adjustments	Statement of Activities
<b>Revenues:</b>			
Property tax	\$ 2,224,699	\$ -	\$ 2,224,699
State aid	29,201	-	29,201
Sales tax	2,441	-	2,441
Penal fines	47,962	-	47,962
Copier service	9,306	-	9,306
Library fines	34,610	-	34,610
Interest income	35,951	-	35,951
Dividend income	19,114	-	19,114
Donations revenue	10,936	-	10,936
Miscellaneous income	1,577	-	1,577
Video income	11,755	-	11,755
Lost or damaged income	2,365	-	2,365
Grant income	4,289	-	4,289
Microfiche income	112	-	112
Meeting room income	960	-	960
Sale of capital assets	35	-	35
Realized and unrealized loss on investments	(3,192)	-	(3,192)
Total revenues	2,432,121	-	2,432,121
<b>Expenditures:</b>			
Copier supplies	1,772	-	1,772
Donations	9,136	-	9,136
Salaries	1,070,765	-	1,070,765
Payroll, employee benefit taxes and employer pension contribution	337,529	-	337,529
Post-retirement benefits	1,719	-	1,719
Supplies	59,155	-	59,155
Automation	87,745	-	87,745
Library books and materials	261,219	(261,219)	-
Promotion, publishing and printing	65,768	-	65,768
Telephone	16,385	-	16,385
Utilities	49,545	-	49,545
Repairs and maintenance	25,127	-	25,127
Insurance and workers' compensation	37,837	-	37,837
Transportation	4,464	-	4,464
Education, training and dues	31,378	-	31,378
Professional and contractual services	25,944	-	25,944
Miscellaneous	1,566	-	1,566
Capital improvements	48,406	(36,689)	11,717
Depreciation	-	577,822	577,822
Total expenditures	2,135,460	279,914	2,415,374
<b>Excess (deficiency) of revenues over expenditures and change in net assets</b>	296,661	(279,914)	16,747
<b>Fund balance/net assets - beginning of year</b>	2,410,470	2,538,565	4,949,035
<b>Fund balance/net assets - end of year</b>	\$ 2,707,131	\$ 2,258,651	\$ 4,965,782

See accompanying notes to the basic financial statements.

Orion Township Public Library

Notes to the Basic Financial Statements

December 31, 2004

**1. Summary of Significant Accounting Policies**

**Introduction**

The accounting policies of Orion Township Public Library (the Library) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the Statement include a Management’s Discussion and Analysis (MD&A) section providing an analysis of the Library’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the Library’s activities. These and other changes, except the MD&A as management has chosen not to prepare this section, are reflected in the accompanying basic financial statements (including notes to the basic financial statements).

The significant accounting policies utilized by the Library are described below.

**Financial Reporting Entity**

In April 1929, the Orion Township Public Library (the Library) was established under P.A. 164 of 1877 as a separate tax entity with a voted millage and elected board. On January 1, 1985, the Library became a separate financial operating entity from Orion Township. The Library provides various services to the residents of Orion Township.

In evaluating how to define the Library for financial reporting purposes, management has considered all potential component units. The decision to include or not include a potential component unit in the reporting entity was made by applying the criteria set forth in the accounting principles generally accepted in the United States of America, currently GASB Statement No. 14, *The Financial Reporting Entity*.

Based upon the application of those criteria, the government-wide financial statements of the Library contain all the funds controlled by the Library’s Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discreetly presented component unit of the Library.

Notes to the Basic Financial Statements (continued)

**1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting of the Library conforms to accounting principles generally accepted in the United States of America as applicable to governmental units.

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three components – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**Fund Financial Statements**

Governmental funds are accounted for using the flow or current financial resources measurement focus and the modified accrual basis of accounting. With this focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of the available spendable resources. Governmental funds are used to account for all or most of the Library's general activities, including the collection and disbursement of earmarked resources.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Governmental funds and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are both "measurable and available"). Revenue is considered available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, interest and special assessments are susceptible to accrual. Other revenues become measurable and available when cash is received by the Library and are recognized as revenue at that time. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting.



Orion Township Public Library

Notes to the Basic Financial Statements (continued)

**1. Summary of Significant Accounting Policies (Continued)**

**The Library reports the following major governmental fund:**

**General Fund**

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Library. Revenues are derived primarily from property taxes, state distributions, grants and other intergovernmental revenues.

**Assets, Liabilities and Equity**

**Cash and Cash Equivalents**

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits and all highly liquid investments purchased with a maturity of three months or less from the date of acquisition.

**Investments**

Investments are carried at market value and consist of certificates of deposit, treasury notes and equity securities.

**Accounts Receivable**

Accounts receivable are stated at the outstanding principal balance adjusted for any charge-offs. Management closely monitors outstanding balances and writes off receivables when the receivable is deemed uncollectible. Management believes any realization losses on the outstanding balance at December 31, 2004 would be immaterial, accordingly, no allowance is utilized.

**Prepaid Expenses and Deposits**

Certain payments to vendors reflect costs applicable to the future fiscal year and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets are defined by the Library as assets with an initial cost of more than \$3,500 and an estimated useful life in excess of two years. Such assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated property and equipment are valued at their estimated fair value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Orion Township Public Library

Notes to the Basic Financial Statements (continued)

**1. Summary of Significant Accounting Policies (Continued)**

**Capital Assets (Continued)**

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land improvements	15 – 31.5 years
Building and improvements	31.5 years
Equipment, furniture and fixtures	5 – 10 years
Library books and materials	5 – 7 years

**Compensated Absences**

It is the Library's policy to permit employees to accumulate a limited amount of earned but unused vacation, which will be paid to the employees upon separation from the Library. Employees are paid their accumulated vacation pay upon termination of employment for any reason. Accruals for these liabilities are recorded as earned by employees and reported in the government-wide financial statements.

**Fund Equity**

In the fund financial statements, the unreserved fund balances represent the amount available for budgeting future operations. Designations of unreserved fund balances in governmental funds indicate tentative plans for use of financial resources in a future period.

**Income Taxes**

The Library is a Governmental sub-unit organization and as such is not subject to federal income tax.

**Use of Estimates**

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the basic financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Orion Township Public Library

Notes to the Basic Financial Statements (continued)

**2. Deposits and Investments – Credit Risk**

**Deposits**

At December 31, 2004, the carrying amount of the Library's demand deposits, consisting of deposits and other cash equivalents held at various banks, was \$1,074,841. The bank balance was \$1,087,723 of which \$402,066 was covered by the Federal Deposit Insurance Corporation and \$685,657 was uninsured and uncollateralized.

**Investments**

The Library places investments with high quality financial institutions. Although such deposits exceed federally insured limits, they are, in the opinion of the Library, subject to minimal risk.

Investments are categorized to give an indication of the level of risk assumed by the Library at fiscal year-end. The categories are described as follows:

1. Insured, registered or securities held by the Library or by its agent in the Library's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Library's name.
3. Uninsured and unregistered, with securities held by the counter-party or its trust department or agent but not in the Library's name.

	Category			Carrying Value
	1	2	3	
Securities	\$ -	\$ 774,373	\$ -	\$ 774,373
Certificates of deposit	885,000	1,196	-	886,196
Total	<u>\$ 885,000</u>	<u>\$ 775,569</u>	<u>\$ -</u>	<u>\$ 1,660,569</u>

The State of Michigan statutes authorize the Library to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, certain mutual funds, savings accounts, deposit accounts or depository receipts of a bank, savings and loan association or credit union. These institutions must be members of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or National Credit Union Administration. These financial institutions must also be eligible for deposit of public funds and maintain an office in Michigan.

The Library's investments are in accordance with statutory authority.

# Orion Township Public Library

## Notes to the Basic Financial Statements (continued)

### 3. Capital Assets

A summary of capital asset activity of the Library is as follows:

	Balance 12/31/03	Additions	Disposals	Balance 12/31/04
Assets not being depreciated:				
Land	\$ 46,036	\$ -	\$ -	\$ 46,036
Other capital assets:				
Land improvements	33,268	8,992	1,963	40,297
Building and improvements	3,024,623	-	5,592	3,019,031
Equipment, furniture and fixtures	1,632,918	27,697	617,476	1,043,139
Library books and materials	1,213,205	261,219	168,925	1,305,499
Total	5,950,050	297,908	793,956	5,454,002
Accumulated depreciation	(3,411,485)	(577,822)	(793,956)	(3,195,351)
Net book value	\$ 2,538,565	\$ (279,914)	\$ -	\$ 2,258,651

### 4. Retirement Programs

#### Money Purchase Pension Plan

The Library sponsors a defined contribution Money Purchase Pension Plan covering full-time employees who are at least 18 years of age and have six months of service with the Library. The Library's contributions are in varying amounts from 8% to 10% depending on length of service. Participants may also make voluntary contributions up to 10% of their monthly compensation. Library contributions to the plan amounted to \$66,128 in 2004.

#### Deferred Compensation Plan

The Library also has a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and it permits each employee to defer a portion of their salary until future years. The Library does not contribute or match any employee's contributions to this plan.

### 5. Post-Retirement Medical Benefits Plan

The Library has implemented a medical benefits program for the benefit of its retirees and their dependents. The plan incorporates the terms of the medical benefits program as included in the health insurance contracts. Benefits will be provided through traditional indemnity insurance, a health maintenance organization or a preferred provider organization. The eligibility for the retiree health insurance benefits is as follows:

- At least 10 years of full-time continuous employment at the Library prior to retirement.
- Receipt of a retirement benefit from the Orion Township Public Group Pension Plan.
- Participation in the Library's health insurance program at the time of retirement.

Orion Township Public Library

Notes to the Basic Financial Statements (continued)

**5. Post-Retirement Medical Benefits Plan (Continued)**

The Library and retiree each pay 50% of the cost up to age 65 or qualifying for Medicare. The Library will pay an additional 2% of the cost for each year of full-time continuous employment in excess of 20 years up to a maximum 20% reduction. The plan will be funded on a pay-as-you-go basis. The Board has designated \$288,894 of the fund balance for the provision of the post-retirement medical benefit plan. The Library reserves the right to amend, modify or terminate this retiree health care policy at any time. During 2004 the amount of benefit expenditures recognized was \$1,719. At December 31, 2004 there were no participants eligible to receive benefits.

**6. Property Taxes**

The portion of property taxes allocated to the Library from Orion Township is recorded as revenue in these basic financial statements in the subsequent year in which they are levied. Accordingly, the Library has included in revenue for the year ended December 31, 2004, property taxes levied during December of 2003.

The portion of property taxes to be allocated to the Library from Orion Township for 2005, which were levied in December of 2004, are approximately \$2,350,000.

**7. Stewardship, Compliance and Accountability**

**Budgetary Information**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year end. The General Fund's appropriated budget is prepared on a detailed line-item basis. The Library does not maintain a formalized encumbrance accounting system. Budget appropriations are considered to be spent once the goods are delivered or the services are rendered.

The Library follows these procedures in establishing the budgetary data reflected in the supplemental information:

1. Prior to the August Board meeting, the Library Director submits to the Finance Committee, a proposed operating budget for the fiscal year commencing the following January 1. In August, the Finance Committee submits the proposed operating budget to the Library Board. The budget is legally adopted by a Library Board Resolution by September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the Library's annual board meeting to obtain taxpayer comments.

Orion Township Public Library

Notes to the Basic Financial Statements (continued)

7. Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

3. Prior to January 1, the budget is legally adopted by a Library Board Resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires the budget to be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Any expenditures in violation of the Act are disclosed as unfavorable variances on the budgetary comparison schedule (accounting principles generally accepted in the United States of America) - General Fund and Debt Service Fund.
4. The Director is authorized to transfer budgeted amounts between line-items within an activity. However, the Library Board must approve any revisions that alter the total expenditures for any activity.
5. The budget as presented has been amended. Supplemental appropriations were made during the year with the last one approved prior to December 31.

Excess Expenditures Over Appropriations In Budgetary Funds

P.A. 621 of 1978, Section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the supplemental information, the Library's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a fund, functional and line-item basis.

During the year ended December 31, 2004, the Library incurred expenditures in excess of the amounts appropriated as follows:

Budget Item	Budget Appropriation	Actual Expenditures	Variance
General Fund			
Salaries	\$1,050,000	\$1,070,765	\$20,765
Fringe benefits	334,300	337,529	3,229
Supplies	60,000	60,927	927
Promotion and printing	62,000	65,768	3,768
Post retirement benefits	860	1,719	859

# Orion Township Public Library

## Notes to the Basic Financial Statements (continued)

### 8. Designated and Undesignated Donations

The Library receives donations from the general public that are both designated and undesignated. The undesignated donations are recorded as General Fund revenue as received and expended by the Library as needed. Designated donations are recorded as General Fund revenue as received and spent in a manner consistent with the donors' restrictions. Due to timing differences, it is not always possible to spend these designated donations in the same year they were received. However, as of December 31, 2004, the Library had no unspent designations.

### 9. Risk Management

The Library is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employee's and natural disasters.

The Library carries commercial insurance for risks to cover these losses. The Library also continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

### 10. Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Total fund balance and the net change in fund balance of the Library's governmental funds differs from net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance – Modified Accrual Basis	\$ 2,707,131
Amounts reported in the statement of net assets are different because	
capital assets are not financial resources and are not	
reported in the funds	2,258,651
Net Assets – Full Accrual Basis	<u>\$ 4,965,782</u>
 Net Change in Fund Balance – Modified Accrual Basis	 \$ 296,661
Capital outlays are reported as expenditures in the statement of revenue,	
expenditures and changes in fund balance; in the statement of activities,	
these costs are allocated over their estimated useful lives as depreciation	
Capital outlay	297,908
Depreciation	(577,822)
Net Change in Net Assets – Full Accrual Basis	<u>\$ 16,747</u>

Required Supplemental Information



Orion Township Public Library

Budgetary Comparison Schedule

Year Ended December 31, 2004

	General Fund			
	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Property tax	\$ 2,230,000	\$ 2,228,987	\$ 2,224,699	\$ (4,288)
State aid	27,000	29,200	29,201	1
Sales tax	2,000	2,000	2,441	441
Penal fines	42,000	47,900	47,962	62
Copier service	2,500	4,100	9,306	5,206
Library fines	26,000	30,000	34,610	4,610
Interest income	45,000	34,000	35,951	1,951
Dividend income	-	-	19,114	19,114
Donations or grants	10,000	14,000	10,936	(3,064)
Miscellaneous income	20,000	16,000	17,901	1,901
Total revenues	2,404,500	2,406,187	2,432,121	25,934
<b>Expenditures:</b>				
Salaries	1,094,000	1,050,000	1,070,765	(20,765)
Fringe benefits	332,300	334,300	337,529	(3,229)
Supplies	63,000	60,000	60,927	(927)
Promotion and printing	62,000	62,000	65,768	(3,768)
Automation or technology	113,000	113,000	87,745	25,255
Materials and programs	305,000	310,000	261,219	48,781
Telephone	17,000	16,500	16,385	115
Utilities	63,300	53,000	49,545	3,455
Repairs and maintenance	46,000	42,000	25,127	16,873
Insurance and workers' compensation	38,000	40,000	37,837	2,163
Post retirement benefits	4,000	860	1,719	(859)
Mileage and transportation	5,500	5,000	4,464	536
Education, training and dues	33,500	33,500	31,378	2,122
Professional contract services	33,500	40,750	25,944	14,806
Miscellaneous use taxes	3,000	3,000	1,566	1,434
Contingency fund	29,900	5,277	-	5,277
Donation expense	1,500	14,000	9,136	4,864
Retirement health benefit fund contribution	15,000	30,000	-	30,000
Depreciation	-	40,000	-	40,000
Capital improvements	90,000	68,000	48,406	19,594
Building fund contributions	35,000	65,000	-	65,000
Set aside for utilities tax appeal	20,000	20,000	-	20,000
Total expenditures	2,404,500	2,406,187	2,135,460	270,727
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	296,661	296,661
<b>Fund balance - beginning of year</b>	2,410,470	2,410,470	2,410,470	-
<b>Fund balance - end of year</b>	\$ 2,410,470	\$ 2,410,470	\$ 2,707,131	\$ 296,661

See accompanying basic financial statements and notes.

**ORION TOWNSHIP PUBLIC LIBRARY**  
**REPORT TO THE BOARD OF TRUSTEES**

**April 5, 2005**

**Andrews Hooper & Pavlik P.L.C.**  
**Certified Public Accountants**  
**3201 University Drive, Suite 350**  
**Auburn Hills, Michigan 48326**

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**ANDREWS HOOPER & PAVLIK P.L.C.**  
Certified Public Accountants

The Board of Trustees  
Orion Township Public Library  
825 Joslyn Road  
Lake Orion, Michigan 48362

In planning and performing our audit of the financial statements of the Orion Township Public Library for the year ended December 31, 2004, we considered the Library's internal control to plan our auditing procedures for the purpose of expressing our opinion in the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated April 5, 2005, on the financial statements of the Orion Township Public Library. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

**GENERAL ACCOUNTING**

**Proper Categorization**

During our fieldwork we noted dividend income, and gains and losses are being recorded in the interest income account.

We recommend a separate dividend income account be created and gains and losses be recorded in the proper account.

**Revenue Recognition in the correct period**

During our fieldwork we noted discounts for bonds held for investment were not being amortized over the remaining life of the bonds but were recognized at maturity of the bond.

We recommend any bond discounts or premiums be amortized over the remaining life of the bond to provide correct matching revenue / expense recognition by period.

The above comments represent our observations during the course of the audit and are intended to be constructive suggestions for improvements. We would be pleased to discuss these comments with you at greater length and to assist you with any other needs, should you so desire.

Sincerely,

*Andrews Hooper & Pavlik P.L.C.*

Auburn Hills, Michigan  
April 5, 2005